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Montgomery wants immediate energy tax hikes to fill new gap

By: [Brian Hughes](#)

Examiner Staff Writer

May 18, 2010

Montgomery County Council members said Monday they would raise energy taxes immediately to fill a \$21.4 million hole in the current budget.

The high emergency taxes would kick in Thursday and last through the end of June, if the full council approves the increase on Wednesday.

Those rates would ease July 1, when new taxes for fiscal 2011 would begin.

Longer term, the council members, looking to fill a nearly \$1 billion budget shortfall for next fiscal year, yielded to the area's seething business community, pledging to split the burden for steeper energy taxes evenly between residential and nonresidential customers.

A majority of the County Council said they supported a 50-50 split in higher energy taxes between the two sectors, though they have yet to determine the final rates. It eases County Executive Ike Leggett's proposal that nonresidential customers pay 73 percent of all energy taxes, the foundation of his plan to fill a nearly \$1 billion budget shortfall. And it signals efforts to appease those who say the millions of dollars in new taxes will drive away business and deter future investment in Maryland's wealthiest county.

Councilman George Leventhal, D-at large, called the move a "very large concession to the business community" but added, "it still feels like a big tax increase." Even with the new breakdown, nonresidential customers would pay roughly \$163 million next year -- a more than 40 percent bump-- if the council votes to double energy-tax revenue as Leggett has proposed. Businesses now pay rates nearly three times higher than residential energy customers. Council members will determine the final energy tax rates Wednesday, but some indicated they would attempt to scale it back.

By the numbers Assuming council members double energy taxes (with a 50-50 split in new taxes): » Nonresidential Fiscal 2010 average yearly energy tax bill: \$2,618

Fiscal 2011 average yearly energy tax bill:

\$4,292 64 percent increase » Residential

Fiscal 2010 average yearly energy tax bill:

\$99 Fiscal 2011 average yearly energy tax

bill: \$278 House,Senate,President,White

House,Conservatives,Liberals,Barack

Obama,President,Democrats,Republicans,Libertarians,Mark

Tapscott:26973199:26973199:Mark

Tapscott79 percent increase

"We need to look seriously at reducing the overall magnitude of this tax," said Councilman Roger Berliner, D-Bethesda, who has proposed taxing excessive carbon emissions to raise more money. Area business leaders were still fuming, despite the compromise. "We need changes," said Ginanne Italiano, president of the Greater Bethesda-Chevy Chase Chamber of Commerce. "This wasn't it. It's going to be really hard for businesses." She said government leaders should look to slash more of their own budgets instead of squeezing already taxed businesses. Council members also recommended returning to current energy rates in July 2012, but some questioned the commitment. "If I were a taxpayer, I would be skeptical if a politician told me 'I'm raising your taxes -- but only for two years,'" Leventhal said. "I hope we mean it."

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